2010 Annual Report of the Social Security Advisory Board

Message from the Board

Welcome to the *2010 Annual Report* of the Social Security Advisory Board. This marks the 13th year that we have published an annual report. In this issue we describe the work that we completed in 2010 and provide highlights of the issues we are addressing in 2011. 2010 was a year of research and analysis for us, one in which we re-examined long-standing issues and explored new ones. We will be continuing that work as well as taking on new projects in 2011.

Since the Board began meeting in the spring of 1996, we have analyzed and made recommendations regarding the Nation's retirement and disability programs. Over the years we have studied many important issues including: Social Security financial solvency, information technology and electronic services, the Social Security disability program, funding for the Social Security Administration, the role the Social Security Administration plays in the public's understanding of financial planning for retirement, and the administration of the Supplemental Security Income program. Our reports and recommendations are distributed widely to Members of Congress, the Administration, and the public.

In 2010, one of our focuses was on the long-term financial solvency of the Social Security Trust Funds. For the fourth time since the Board was established we convened a distinguished Panel of experts to review the assumptions and methods that the Social Security Trustees use to project the financial outlook of the Trust Funds. This Panel,

made up of respected economists, actuaries, and demographers, began meeting in September 2010 and plans to issue its report during the late summer of 2011.

In addition to convening the Technical Panel, we have revised and reissued our report, *Social Security: Why Action Should Be Taken Soon*. The report describes the status of the Social Security Trust Funds and discusses why actions should be taken "sooner rather than later" to reform Social Security, mindful of the need for fair treatment for all. This 4th edition includes an expanded section on specific reform provisions that are being considered currently, and how the different options posed in those provisions will affect benefit formulae.

In 2010, we began an intense look at the Social Security Administration's strategic planning process. During the year, we met with agency leaders and started a conversation to develop a long-range vision for the agency. One of our activities included a workshop that we held in Denver where we worked collaboratively with key Social Security staff to develop a framework for how SSA should operate in the year 2020. In March 2011 we released our report, *A Vision of the Future for the Social Security Administration*, in which we described our findings.

We published two issue briefs, both devoted to helping streamline SSA operations. In September we released *The Representative Payee Program*, a paper that examined ways in which SSA can improve management of this program. In December we published *Keeping the Record Straight – An Overview of How SSA's Data Exchange Program Works* where we described, in general, the data exchange process between SSA and the 50 states: how it is working currently, and how it could be improved to help SSA manage its exploding workload.

Throughout 2010, we met with several SSA executives and other experts to further our discussions on important matters such as SSA's training and career development, development of the agency's new data centers, backlogs in the disability hearing process

and administrative law judge recruitment, and stewardship issues such as the improper payment of benefits. We will be continuing those conversations in 2011.

Lastly, we said goodbye to our fellow Board member and friend, Dana Bilyeu, whose term ended on September 30, 2010. Dana joined the Board in December 2006 and proved to be one of its most versatile members. Extremely knowledgeable on a wide spectrum of topics, Dana's contributions were enormous and we will miss her. She was always a voice of reason, and always the consummate professional. We thank her for her commitment to the Board.

Board Members:
Barbara B. Kennelly, Chair (A)
Dana K. Bilyeu (Term ended September 30, 2010)
Jagadeesh Gokhale
Dorcas R. Hardy
Marsha Rose Katz
Mark J. Warshawsky

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The Social Security Advisory Board:

A Year in Review

Financing Social Security and Medicare

During 2010, the Board undertook two major activities that address the long-term financial condition of the Social Security system. First, after months of preparation, the Board convened a Technical Panel on Assumptions and Methods in September 2010, the fourth such Panel the Board has commissioned since 1999. The expert Panel of economists, demographers, and actuaries will review the projections used in the annual Trustees' Report and deliver a report in the late summer of 2011. Second, the Board spent several months preparing an updated and revised version of its periodic report on why action should be taken to restore the long-term balance between Social Security's revenues and expenditures, and what kind of policy options can accomplish that goal.

The 2011 Technical Panel on Assumptions and Methods

Every four years the Board convenes an independent expert Panel to evaluate the assumptions and methods underlying the short and long range estimates of the financial condition of the Old Age, Survivors, and Disability Trust Funds. Prior to 1999 and the existence of the Board, the Quadrennial Social Security Advisory Councils appointed periodically similar Technical Review Panels. These Panels perform a crucial role in helping maintain the public's confidence that the evaluation of Social Security's finances relies on the best information available and are regularly subject to objective, thorough and public review by some of the nation's most distinguished experts. Previous Technical Panels have made major contributions to the work of the Board of Trustees and the Social Security Administration's actuaries.

While preparing to commission the Panel, the Board spent several months in the first half of 2010 consulting with individuals to determine the issues on which the Panel should focus, and to get their recommendations on the experts who should serve on it. In January 2010 we met with a former Advisory Council Chair, Henry Aaron; a former Public Trustee, Marilyn Moon; and a

former member of the Trustees' Working Group, Paul Van de Water; and in February of 2010 we met with representatives from the Congressional Budget Office and the actuaries from the Social Security Administration (SSA) and the Centers for Medicare and Medicaid Services (CMS). These discussions focused on the methodologies that the Trustees use to make short- and long-term projections of Social Security and Medicare finances.

In March, we met with SSA's Inspector General and representatives from Pricewaterhouse Coopers and were briefed on the findings of their annual audit of SSA's Statement of Social Insurance, an audit required by the Federal Accounting Standards Advisory Board. We were interested in learning what role, if any, these audits play in the long-term financial projections of the Trust Funds. The auditors explained to us that they focus primarily on the reasonableness of the projection models that SSA's Office of the Chief Actuary uses rather than the assumptions that drive the Trustees' projections, and they only look at those assumptions where changes have been made recently. This meeting was informative and reinforced that the annual audits play a much different role in the review of the projections of the financial status of the Trust Funds. It also reinforced that there continues to be a clear role and need for the evaluation conducted by the Technical Panels.

Informed in part by these meetings, the Technical Panel's charter was drafted and approved in the spring of 2010. The charge is similar to previous Panels in that it states the 2011 Panel will provide "technical assistance to the Board by reviewing the assumptions specified by the Board of Trustees of the Old-age and Survivors Insurance Trust Fund, and the Disability Insurance Trust Fund, and the methods used by the Social Security actuaries to project the future financial status of the programs." The Charter also tasks the Panel to investigate several specific issues more closely, including:

- the factors that affect trends in the taxable wage base such as trends in non – wage compensation and the growth rate of wages above and below the taxable maximum wage,
- methods of projecting the prevalence of disability, and the labor force participation of older workers,

- evidence of structural economic changes as a result of the recent financial crisis that would affect key economic assumptions and frameworks, both in the short- and long-term, and
- ways to improve the presentation of key concepts in the Trustees' Report, including the interaction of the funds with the federal budget, so as to make them more accessible and informative to the public.

The Board appointed **Brigitte Madrian**, Aetna Professor of Public Policy and Corporate Management at John F. Kennedy School of Government at Harvard University, as the Chair of the Technical Panel. We met with Professor Madrian in June to discuss our expectations and her plans for managing the work of the Panel. The other distinguished members named by the Board are: **Janet Barr**, Associate Actuary at Milliman USA, and Chair of the American Academy of Actuaries' Social Insurance Committee; **John Bongaarts**, Vice President and Distinguished Scholar at the Population Council; **Mark Duggan**, Professor of Economics at the University of Maryland; **Melissa Favreault**, Senior Research Associate at the Urban Institute; **Timothy Marnell**, Consulting Actuary and former Senior Actuary at Towers Perrin; **S. Philip Morgan**, Professor of Sociology and Schaeffer Professor of International Studies at Duke University; **John Sabelhaus**, then Senior Economist at the Investment Company Institute (now at the Federal Reserve Board) and adjunct professor in the Department of Economics at the University of Maryland; **Andrew Samwick**, Irving Professor of Economics and the Director of the Nelson A. Rockefeller Center for Public Policy and the Social Sciences at Dartmouth College; and **Karen Woodrow-Lafield**, Research Professor and Faculty Associate in the Maryland Population Research Center at the University of Maryland.

The Panel met for the first time in September 2010 to set its agenda. Thereafter, it has met on a monthly basis.

Board Report on the Solvency of Social Security and What Can be Done

In 2010, the Board began work on an update of its report, *Social Security: Why Action Should Be Taken Soon*. We first published this report in 1998 and released updates in 2001 and 2005. The 2010 edition updates the financial situation of the Social Security program with the most current

data available and lists how several reform options would affect program solvency over the next 75 years.

Social Security's finances are typically viewed from a Trust Fund perspective, evaluated in isolation from the program's impact on the rest of the unified budget of the U.S. government. The 2010 edition of this report includes a new section that discusses Social Security from both a Trust Fund perspective *and* a budget perspective, i.e., how it fits into the larger unified federal budget.

The report describes many well-known options for closing the gap between long-term revenues and expenditure flows, and includes numerous new options that have emerged since the last edition of the report was released. It also includes several examples of reform proposals that combine options to achieve solvency and other objectives. The Board's purpose in publishing this report is to enhance public understanding by explaining proposals that address the Social Security solvency problem; we do not endorse any particular option or proposal.

While the 2010 edition is somewhat different than its predecessors, the report reiterates the Board's long held belief in the importance of prompt action to ensure Social Security's long-term solvency.

The 2010 edition of *Social Security: Why Action Should Be Taken Soon* was released in December.

Additional Board Activities Devoted to Discussions of Financing Issues

In April, we heard a presentation by Board member Dr. Jagadeesh Gokhale in which he summarized his book, *Social Security: A Fresh Look at Policy Alternatives*. In his book, Dr. Gokhale offers an alternative view about how Social Security's finances should be evaluated. During the presentation he spoke about the advantages of using microsimulation models over the "segmented" approach currently used by SSA's Office of the Chief Actuary and discussed the importance of distributional analysis to understand how different populations groups would be affected by future policy changes. He noted that he believes that in addition to estimating the number of workers in the future, Social Security's financial evaluations should consider how

carrying forward the momentum of existing demographic and economic forces would influence the composition and quality of the future U.S. workforce. For example, as the baby boomers retire, as different population groups experience dissimilar fertility and mortality rates, and as immigration proceeds, not only the number of workers but also the overall quality of the workforce will change. In his study, workforce quality encompasses such variables as worker experience, the level and acquisition of education and skills, and the strength of workforce attachments, and so on, all of which vary across population groups. Dr. Gokhale explained that he estimates that evolving workforce quality will exert a sizeable negative effect on future U.S. labor productivity. The book also suggests additional financial metrics to complement those used by the Trustees that would more fully characterize Social Security's aggregate financial condition and understand its contribution to the retirement security of different birth cohorts and population groups.

At our September Board meeting we met with SSA's Chief Actuary and Deputy Chief Actuary and the Deputy Director of the Center for Medicare and Medicaid Service's Medicare and Medicaid Cost Estimates Unit for a briefing on the 2010 Social Security and Medicare Trustees' Reports, which were released on August 5. Their findings noted that as a result of a deeper recession than initially projected, income to the Social Security Trust Funds was lower than projected, benefit payments higher, and projected GDP growth is expected to be slower through 2012. The 2010 Trustees' Report assumed the economy returns to full employment (a 5.5 percent unemployment rate) by 2017 or 2018. The *Affordable Care Act* (ACA) improved the projected financial condition of Social Security in the 2010 report because it is assumed that the cost of health care benefits as a share of worker's compensation will grow more slowly and therefore taxable wages will grow more rapidly.

In addition, the Trustees' Report noted that ACA extended the financial viability of the Medicare Hospital Insurance Trust Fund to 2029, 12 years later than the 2009 projection, because the annual increase in health care costs are assumed to grow more slowly under the new law. The slower cost growth, however, partly assumes that physician reimbursement reductions, required under current law and assumed by the Trustees, will not be overridden by Congress as they have in almost every year. If this practice continues into the future, then the improvements in the Hospital Insurance Trust Fund will be smaller than projected.

Visioning and SSA's Strategic Plan

Early in 2010, SSA announced plans for developing a new strategic plan with completion set for spring, 2011. In conversations with the Commissioner and the agency's Chief Information Officer, the Board learned that the new plan was to be developed primarily using the same internal collaboration methods as had been used in years past. The traditional information gathering from agency executives, however, was to be supplemented with a web-based tool that would elicit internal and external feedback from employees and the public.

The structure for the new plan would include some long-range objectives, but the primary emphasis would be on short-range (three to five years) goals and initiatives. This rekindled our concern that SSA's new plan would continue to place greater weight on tactical improvements to shape service in the coming years at the expense of vision and strategy. We decided it was important to find a way to stress the need for a long-range planning effort and embarked on a project that would culminate in a statement of our vision of the Social Security Administration in the year 2020, with a roadmap for getting there.

To assist with the creation of this vision, we held a "visioning" workshop in Denver, Colorado in October. We collaborated with managers from SSA field offices, regional components, and Disability Determination Services who have experience with SSA programs and operations. Drawing on research materials about the economic, demographic and societal trends expected in 2020, the workshop participants discussed how certain basic assumptions about the future ought to shape how the agency would operate by the end of the decade. The participants divided into teams, and intensive discussions about the future of the agency were held over the course of two days.

By the end of the workshop, a vision emerged that described how the agency's people, processes, and infrastructure would function in the future. It also provided a roadmap for agency initiatives over the next ten years. The themes that emerged from the workshop emphasized the need for a virtual service delivery strategy that makes extensive use of technology that is supported by a planned approach to systems modernization. The workforce of 2020 will require new skills and

knowledge, and the organizational structure will, by necessity, undergo transformation. These changes are needed to ensure that SSA can meet the demands it will face in 2020 and will be able to operate at optimal levels in terms of efficiency, accuracy, and public service.

A Vision of the Future for the Social Security Administration was published in March 2011.

Ongoing Focus on Technology

  Discussions of IT Issues

As follow up to the issues raised in our 2009 report, *Bridging the Gap: Improving SSA's Public Service Through Technology*, the Board continued its focus on the need to modernize SSA's IT platform and, in particular, on the agency's plans for building a new National Support Center (NSC) to replace the deteriorating Baltimore-based National Computer Center (NCC). Since that report was released, the time frame to identify and purchase a site, award the design and construction contract, and begin transition into the new facility has been delayed egregiously. Much of the delay came about due to a slow and cumbersome acquisition process within the General Services Administration (GSA). These process delays resulted in Congressional inquiries and requests for additional reporting. At a recent Congressional hearing, SSA and GSA estimated that the new computer center is now at least one year behind schedule. The building is expected to be completed by January 2015, but it will take another 18 months for the NSC to be fully operational. SSA also testified to the increasingly precarious state of the NCC due to issues with power supplies, HVAC systems and the facility's outdated design which makes even simple repairs difficult.

In April 2010, the Board met with Alan Balutis, Chairman of the Future Systems Technology Advisory Panel (FSTAP). (SSA convened the Advisory Panel to provide guidance on future IT development and to provide "early warning" for the Commissioner and senior staff if the agency's IT environment is headed for trouble.) At that meeting, Chairman Balutis echoed the Board's concerns that SSA's construction and migration plans for the NSC were significantly behind schedule and that the Advisory Panel was not confident that SSA had a satisfactory back-up plan if there were further delays. Subsequently, SSA's Inspector General, Patrick O'Carroll,

voiced similar concerns to the Board about the extensive delays in implementation and the potential detrimental effect on agency operations. Both the construction delays and the near-obsolescence of the NCC raised concerns for all parties about whether SSA's plans for back-up and recovery using its Second Support Center (SSC) were sufficient to avoid significant operational disruption.

To assess the sufficiency of the agency's recovery strategy, the Social Security Advisory Board traveled to Durham, North Carolina in May to visit the SSC. Opened in 2009, the Second Support Center is a co-processing center for a significant portion of the NCC's workload, including a large portion of the agency's data-intensive disability claims workload. Along with the NCC, the SCC also supports SSA's website and telecommunications. In the event of a disaster or systems failure at the NCC, the SCC was designed to provide backup and recovery capability. The Board learned during the visit that the capacity to recover critical workloads was in place, although a full test of processes had not taken place but was scheduled for the summer of 2010. We also learned that additional capacity was still being planned for the SCC in order to strengthen its potential for back-up and recovery. While questions about SSA's overall data center strategy remain, the Board concluded that SCC itself is a well managed facility with a dedicated leadership team.

In addition to concerns about SSA's technology platform, the Board continued to monitor the agency's efforts in the areas of electronic services. Since our 2009 technology report, SSA has made some progress in enhancing the services it offers via the internet. Redesigned benefit applications, a retirement calculator, and expanded Spanish language services have increased the use of the agency's electronic options. Plans for a "My SSA" internet portal are underway which will allow individuals to access personal information, similar to what is provided on the *Social Security Statement*. One of the barriers to efforts to expand this type of electronic service delivery, however, is the development of a secure authentication process.

To assess issues involved in implementing secure authentication, the Board met with Steven Holden from Touchstone Consulting. Mr. Holden worked previously on the National Research Council's assessment of SSA's electronic service delivery and provided insights into the agency's development of online services. In discussions with the Board, he noted the struggle

SSA has had with establishing a robust authentication protocol. He believes that because of the agency's risk averse culture it tends to develop safeguards that are more stringent than the risk level dictates. While rules must be established to protect personal information, he indicated that SSA should implement a more balanced strategy considering the level of risk involved.

We continued our discussion regarding authentication in December with SSA's Chief Information Officer (CIO), Frank Baitman. Mr. Baitman reported that the agency is on track to deliver a new authentication system by June 2011. The new process will verify an individual's identity using information from SSA databases as well as external sources. Once authenticated, individuals will use a PIN and password to access personal information. The Board will track the progress of this important initiative throughout 2011.

The Advisory Board Launches a New Data Exchange Issue Brief Series

As part of the our ongoing monitoring of the agency's stewardship and program integrity responsibilities, we embarked on an evaluation of SSA's policies and practices for the electronic exchange of data with other government agencies and the private sector. We explored how SSA uses electronic data from states and the important role it plays in connection with claims adjudication and post-entitlement actions. Board members Dana Bilyeu and Dorcas Hardy spent time while in Durham, North Carolina with Jonette Earnhardt and staff from the Department of Health and Human Services to get a state perspective on data exchange with SSA.

This work, as well as research into other related areas, has resulted in a new issue brief series on electronic data sharing. The first edition entitled, *Keeping the Record Straight – An Overview of How SSA's Data Exchange Program Works*, was released in December and describes broadly the breadth of SSA's data exchange program, the processes SSA uses to identify data needs and to enter into agreements with other organizations. This issue brief also describes how SSA could benefit from increased automation of data exchange processes that have the potential to reduce improper payments and to better manage agency workloads in a time of shrinking administrative resources and expected workload growth.

Subsequent issue briefs in this series will focus on specific exchanges of information between SSA and other government or private sector organizations. The next issue brief to be released in

2011 will focus on how SSA collects death information for its own use and how that same information is distributed for external use. Also in 2011, the Board plans to study how SSA gathers and uses pension information for the purposes of administering the Windfall Elimination Provision and the Government Pension Offset, explore similar issues involving Worker's Compensation data, and look at ways the agency's systems can propagate commonly requested information, such as marital information, to eliminate the need for redundant verification and keying.

Continuing Examination of SSA Policy

Representative Payee Issue Brief

In September we published an issue brief entitled *The Representative Payee Program* which is one of a series that we are writing on the Social Security disability programs in the 21st century. For more than 70 years, the Social Security Administration has been issuing payments to representative payees who manage the money for beneficiaries who are deemed temporarily or permanently incapable of managing their own benefits. This is a large workload for SSA; payees are responsible for the benefits for more than five million Old-age, Survivors, and Disability Insurance beneficiaries and for nearly three million Supplemental Security Income beneficiaries. It is also a program that tends to be overlooked in the press of other business.

There is an inevitable risk that payees will use the benefits for their own purposes rather than the needs of the beneficiaries. And from time to time, there have been scandals in which payees have misused large amounts of money. One such scandal led to the *Social Security Protection Act of 2004*. That *Act* required periodic onsite reviews of certain groups of payees. It also required SSA to conduct a study of how payees were using benefit payments. That study was completed for SSA by a committee of the National Research Council (NRC) in 2007. Our issue brief reviewed the agency's progress since the legislation in 2004 and the NRC report in 2007 and pointed out areas where further improvement was needed.

The NRC committee performed a valuable service by showing that the methods SSA had been using were not effective, and by demonstrating how the use of data elements from SSA's records

could help target potential misusers. Our issue brief recommended that SSA establish data-driven criteria for selecting and monitoring payees, and that the agency increase its efforts to avoid selecting payees with conflicts of interest. We also recommended that SSA could strengthen its process by improving coordination and establishing automated data exchanges with other agencies that serve SSA's beneficiaries. To bolster the oversight of payees and carry out *all* of its stewardship responsibilities, we recommended that SSA should implement an annual quality review sample of all its payee activities and that the Inspector General should review a sample of SSA's monitoring activities.

The Occupational Information System

Individuals who cannot be found to be disabled under SSA's medical criteria alone are evaluated to determine whether they retain sufficient ability to do a past job, or if they are able to perform a wide-range of jobs that exist in the national economy. Almost 55 percent of disability claims are decided on the basis of such vocational considerations. SSA uses the *Dictionary of Occupational Titles* (DOT) as its primary resource tool to establish the existence of sufficient jobs that an individual could perform. The DOT, which was developed by the Department of Labor (DOL) to help public employment offices match job seekers with jobs, was last updated, however, in 1991. Critics have noted that the DOT's occupational entries simply are not designed for today's modern world of work; its listings include obsolete occupations such as elevator operator and do not include many occupations related to advanced technology. In the 1990s, the DOL developed a new system called O*NET that clusters larger numbers of specific jobs into fewer occupational categories. But SSA has found O*NET to be inadequate for its needs and, because there is no viable substitute for the DOT, the agency continues to use the out-of-date tool.

Over the years SSA has undertaken efforts to address this serious shortcoming in its adjudication process. These past efforts were abandoned for a number of reasons, but the sheer scope of the work and the lack of expertise within the agency played a significant role in these decisions.

In December 2008, SSA established the Occupational Information Development Advisory Panel (OIDAP) to make recommendations on replacing the DOT. The Board has been actively

following the Panel's activities, attending meetings as interested observers and meeting with SSA executives and former Panel members to gain a better understanding of the challenges of this project.

In September 2009, the Panel issued a report that recommended, among other things, that SSA create a new occupational information system to replace the DOT for its disability adjudication process. In addition, the Panel urged the agency to develop internal and external expertise and conduct basic and applied research to support the new system. While a number of concerns have been raised about the Panel's deliberations, including the recommendation for SSA to develop its own replacement for the DOT, SSA has continued to pursue the Panel's recommendations and in December 2010 SSA's Commissioner renewed its charter for one year.

The question of whether it would be faster and less costly for SSA to work collaboratively with other agencies that already have the necessary expertise to develop such a system has received considerable attention. Recognizing that replacing the DOT is a difficult and complex undertaking, the Board has encouraged SSA to expand its interactions with outside experts and, if possible, take advantage of work already done by DOL. A similar recommendation from the National Research Council suggested that SSA and DOL create an interagency task force to consider possible modifications of O*NET that could accommodate SSA's needs. As SSA and the OIDAP continue to work on this project, we will monitor the work being done to find a useable replacement for the *Dictionary of Occupational Titles*.

Ongoing Discussions on Policy Issues

We continue to meet with SSA officials and experts from outside the agency to discuss perspectives on policy issues and to press the agency to re-examine aspects of its program policy. Some of the areas we have been concerned about are:

- **Enumeration:** Enumeration and the issuance of new Social Security numbers and Social Security cards is a major workload for SSA. The Board firmly believes that policy simplifications and systems improvements could make this workload more manageable.

- **Ticket to Work:** When the Ticket to Work program was implemented in 2002, Congress, SSA, and the disability community had very high expectations for what it could achieve for people with disabilities. The initial rules that directed how employment networks would be paid, however, did not provide the proper incentives and in 2008 SSA published revised regulations designed to improve the program's payment structure. As part of our oversight responsibilities, the Board periodically requests a briefing on the findings to date; specifically, we are interested in whether there have been increases in the number of program participants, in the number of beneficiaries with significant earnings, changes in the number of beneficiaries exiting the rolls, and in the length of time beneficiaries are staying off the rolls.

- **Research:** We continue to express concern over SSA's weak commitment to developing a prescriptive research agenda within the agency, especially with regard to the disability program. We continue our dialogue with SSA executives on the agency's extramural and intramural research programs and the research agendas for those programs.

- **Disability adjudication:** In 2010, SSA explored the possibility of reintroducing the reconsideration step of the disability adjudication process into states where it had not been used for several years. The "prototype" process has been in place in ten Disability Determination Services since the mid-1990s and the agency believed that it was time to bring this process to closure and re-establish one set of claims appeal steps throughout the nation. This proposal drew a negative reaction, however, from many parts of the disability community who were concerned that it would add time to the adjudication process with little benefit in return. To better understand the reasons for concern we met with representatives of organizations representing people with disabilities and with SSA executives. SSA eventually withdrew its proposal; the reconsideration step has not been reinstated in the prototype states and the agency continues to have different appeals processes across the country.

Visits to SSA Field Offices

Some of the Board's most important interactions are those we have with SSA's direct service employees during visits to field offices throughout the country. In 2010, the Board visited with the employees in the Durham, North Carolina and Denver, Colorado field offices. In both cases, we had a chance to hear about the challenges they face on a daily basis. Despite the pressures of growing workloads, SSA's employees continue to deliver thoughtful and effective customer service to the American public.

Durham Field Office

During the visit to the Durham office in May, we sat down with the managers and supervisors to talk about a number of program and administrative issues. One of the areas discussed was the management of the representative payee program. The supervisors reported an increase in the resources needed to oversee it and ensure that the benefits being paid to representative payees are properly used and accounted for. They also provided feedback on the agency's Internet application process, recommending that the online disability process be consolidated into a single application, and that an online SSI application be developed.

On the administrative side, a manager noted that he had been able to hire well-qualified employees in the last few years. Because of budget constraints, however, SSA's ability to replace departing employees as well as hire new staff will most likely be restricted in the near future. It is critical to make SSA a "model employer" to retain highly skilled and creative employees. Field managers are aware of this and strive to make the work place one in which it is possible to build a lasting career.

Even with the relief provided by increased staffing, the managers and supervisors talked about the difficulty they are still experiencing in serving the public, particularly with telephone coverage. On a daily basis, most of their employees are needed to handle the "walk-in" public so they literally have no one to answer the telephones. The telephone system in the office is outdated; however, a new Voice-over-Internet-Protocol telephone system is scheduled to be installed sometime in the next year and this should expand the options for handling telephone coverage.

Denver Field Office

We toured the Denver downtown field office during our October trip to the Denver Region. This urban office, which services a large homeless and needy population, faces particular service challenges.

The office's floor plan is an example of a new office configuration model designed to improve traffic flow, increase service options, and maintain adequate levels of security. In the reception area, there are video monitors used to direct the public to the appropriate service areas. There are also computers available for customers who want to conduct business online. A field office employee is stationed nearby to assist and answer questions about navigating the screens as well as how to use the online services. The field office manager told us that the organization of the reception area appears to reduce stress and keeps disruptions to a minimum.

The configuration of the office area allows each direct service employee to have an individual workstation which is also accessible to the public through an interviewing window. The window can be closed when the employee is not interviewing. Also, the public side of the interview station has privacy screens so that the members of the public can conduct their business in private. Another important feature is the monitoring system that allows the management staff to view all public access areas of the office to ensure the safety of both employees and the public. The Board's assessment is that the new office configuration does, indeed, provide an improved standard of service.

New Work Planned for 2011

Disability Data: In 2011 we will release a new edition of Disability Decision Making: Data and Materials. This publication provides background information to help policymakers and the public gain a fuller understanding of how SSA's disability programs are being administered and of the major problems that are inherent in the process. It provides data on each stage of the decision-making process, from application through the federal courts. It also describes how

disability decisions are made, and provides an overview of major initiatives that SSA has undertaken to improve the decision making process and a summary of significant judicial and legislative actions and agency rules that have affected the way disability decisions are made. We are working with SSA's research staff to obtain the most recent data and develop appropriate graphic displays for this publication.

Third Party Assistance: In the area of service delivery, we are working on a report about how third parties assist individuals with applying for Social Security and Supplemental Security Income benefits. In our 1999 report on service delivery, we pointed out that third parties play an important role, especially in assisting individuals who have mental, educational, language, or other conditions that may require special assistance with pursuing a disability application. We noted that for third parties to be effective and provide SSA with the appropriate documentation, the agency needs to play an instrumental role in training and collaborating with these outside organizations. SSA's workloads are increasing and its ability to provide traditional face-to-face service is decreasing. It is, we believe, critical that the agency explore all avenues that will provide timely and high quality public service. Information technology, for example, offers new ways of exchanging data with third parties that will expedite the claims process. Creative use of new tools and leveraging the assistance that outside experts can bring to the claims process needs to be one of SSA's priorities.

We gained a greater appreciation for the potential for third party assistance when we visited the SSI/SSDI Outreach, Access and Recovery (SOAR) Project in Salt Lake City in 2009. In 2010 we met with representatives of *Solutions for Progress, Inc.* to discuss that organization's initiatives to assist low-to-moderate income individuals obtain government supports and benefits, including Social Security and SSI benefits. The company offers a web-based expert system called "The Benefit Bank" (TBB) that supports eligibility assessment, benefit maximization, and application filing for a number of state and federal benefit programs. *Solutions for Progress* has provided TBB to organizations in ten states, which in turn provide TBB services to consumers without charge. In 2011, we will continue to research other third party assistance groups to gain a greater understanding of the types of organizations involved in this process.

Disability Initiatives: SSA's disability programs continue to be the agency's largest challenge, with workloads that have grown rapidly over the past few years, at the same time as the Disability Insurance Trust Fund has declined. We will continue to give these programs a large share of our time and attention. Some of our work in the past has looked at the disability programs very broadly in an attempt to develop a new model of dealing with disability. In that work, we outlined ways to provide supports to individuals with impairments to keep them employed, delaying or preventing the need for them to enter the disability programs. We are continuing that work by considering some specific proposals to modify the front end of the disability programs to make them more work-oriented. Another project we are also considering is a comprehensive review of the DI program, looking at the program's laws, regulations, policies, and funding, as well as how health insurance impacts the program.

In discussions with SSA executives, we have been exploring ways to improve the performance of the disability programs as they exist currently. Our discussions have focused on ways to improve and streamline policies and to make more effective use of technology. These two aspects of disability improvement are interrelated. The increasing use of technology makes it easier to find areas in which policy is being implemented unevenly or needs improvement. It also provides the means for policy and operating components to address areas where inconsistency is found. Building SSA policy into technologies ensures that disability decision makers address policy issues as they work their way through cases. We have also been looking at new areas such as a National Institutes of Health/Boston University project to develop a more effective way of determining claimants' activities of daily living. In addition, we will continue to monitor the progress and the early results of SSA demonstration projects.

Communications Strategy: In 2009, the Board published *The Social Security Statement: How It Can Be Improved,* a report that provided a comprehensive review of the *Social Security Statement*, SSA's primary vehicle for communicating with the American public. We are planning to expand on that project to take a broader look at how the agency communicates with the public about the scope and purpose of its programs. As Social Security benefits become an increasingly important part of the public debate about the nation's finances, we want to explore how and to what extent the agency – either in oral or written communications – discusses the

purpose of social insurance, the availability of benefit options, strategies for claiming benefits and the role of Social Security in an individual's personal financial planning.

APPENDICES

Compendium of Board Reports and Publications

1. *Social Security: Why Action Should Be Taken Soon* (4th ed.), December 2010.

2. *Keeping the Record Straight – An Overview of How SSA's Data Exchange Program Works*, December 2010.

3. *Disability Programs in the 21st Century Series: The Representative Payee Program,* September 2010. This paper also appeared in the Social Security Administration's *Annual Report of the Supplemental Security Income Program* as "Statement on the Supplemental Security Income Program, Additional Statement by the Social Security Advisory Board," May 2010.

4. *Annual Report, Calendar Year 2009*, August 2010. The Board has prepared an *Annual Report* since 1998. They were prepared on a fiscal year basis from 1998 to 2002.

5. *The Unsustainable Cost of Healthcare*, September 2009.

6. *The Social Security Statement: How It Can Be Improved,* August 2009.

7. *Statement on the Supplemental Security Income Program: A Look Back at the Last 10 Years*, May 2009.

8. *Bridging the Gap: Improving SSA's Public Service through Technology*, April 2009.

9. *Disability Programs in the 21st Century Series: Substantial Gainful Activity*, April 2009.

10. *Disability Programs in the 21st Century Series*: *Need for Review of the Supplemental Security Income Program's Benefit Levels, Asset Limits, and Income Exclusions*," March 2009.

11. *Disability Programs in the 21st Century Series: Interactions Between Supplemental Security Income and Temporary Assistance for Needy Families*, February 2009.

12. *Challenges Facing the Social Security Administration: Present and Future,* December 2008.

13. *Working for Retirement Security*, September 2008.

14. *Need for Review of the Supplemental Security Income Program's Benefit Levels, Asset Limits, and Income Exclusions,* May 2008.

15. *The 2007 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board,* October 2007.

16. *Recruiting SSA Administrative Law Judges: Need for Review of OPM Role and Performance*, April 2007.

17. *A Disability System for the 21st Century*, September 2006.

18. *Improving the Social Security Administration's Hearing Process*, September 2006.

19. *Statement on the Supplemental Security Income Program: Transition from Childhood to Adulthood*, May 2006.

20. *Disability Decision Making: Data and Materials* (2nd ed.), May 2006.

21. *The Impact of Immigration on Social Security and the National Economy*, December 2005.

22. *Social Security: Why Action Should Be Taken Soon* (3rd ed.), September 2005.

23. *Retirement Security: The Unfolding of a Predictable Surprise*, March 2005.

24. *The Social Security Definition of Disability*, October 2003.

25. *The 2003 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, October 2003.

26. *Introducing Non-adversarial Government Representatives to Improve the Record for Decision in Social Security Disability Adjudications, A Report to the Social Security Advisory Board*, June 2003.

27. *SSA's Obligation to Ensure that the Public's Funds are Responsibly Collected and Expended*, March 2002.

28. *Alternative Approaches to Judicial Review of Social Security Disability Cases: A Report to the Social Security Advisory Board*, March 2002.

29. *Challenges Facing the New Commissioner of Social Security*, Statement by Stanford G. Ross, December 2001.

30. *Estimating the Real Rate of Return on Stocks Over the Long Term*, Papers presented to the Social Security Advisory Board, August 2001.

31. *Social Security: Why Action Should Be Taken Soon* (Revised Edition), July 2001.

32. *Agenda for Social Security: Challenges for the New Congress and the New Administration*, February 2001.

33. *Charting the Future of Social Security's Disability Programs: The Need for Fundamental Change*, January 2001.

34. *Disability Decision Making: Data and Materials*, January 2001.

35. *The 1999 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, November 1999.

36. *How the Social Security Administration Can Improve Its Service to the Public*, September 1999.

37. *Forum on the Implications of Raising the Social Security Retirement Age*, May 1999 (staff document).

38. *How SSA's Disability Programs Can Be Improved*, August 1998.

39. *Social Security: Why Action Should Be Taken Soon*, July 1998.

40. *Strengthening Social Security Research: The Responsibilities of the Social Security Administration*, January 1998.

41. *Increasing Public Understanding of Social Security*, September 1997.

42. *Forum on a Long-range Research and Program Evaluation Plan for the Social Security Administration: Proceedings and Additional Comments*, June 24, 1997 (staff document).

43. *Developing Social Security Policy: How the Social Security Administration Can Provide Greater Policy Leadership*, March 1997.

Most reports are available on the Board's website at www.ssab.gov

2010 Board Operations and Publications

Meetings – From January 2010 through December 2010, we met at our offices nine times and held one conference call. In May we made a site visit to Durham, North Carolina to tour the Social Security Administration's newest computer center and to meet with staff in the Durham field office. In October we traveled to Denver where we held a workshop with SSA staff to discuss strategic visioning. We also met with SSA's Denver regional office staff and visited the Denver Downtown field office.

Publications – In August, we published our *Annual Report* for calendar year 2009. In September, we released another issue brief in our *Disability Programs in the 21st Century Series*, this time looking at SSA's representative payee program. In December we published the fourth edition of *Social Security: Why Action Should Be Taken Soon* and released the first in a series of issue briefs on data exchange, *Keeping the Record Straight – An Overview of How SSA's Data Exchange Program Works*.

Technical Panel on Assumptions and Methods – In August, the Board appointed an expert Panel of economists, demographers and actuaries to review the assumptions and methods used by the Trustees of the Social Security Trust Funds in their annual reports on the long-term solvency of the Social Security programs. This is the fourth Panel that the Board has convened; they are appointed every four years.

Board Changes – Dana Bilyeu's term ended on September 30, 2010.

Individuals with Whom the Board Met at its Monthly Meetings in 2010

<u>**January**</u>

Henry Aaron, Senior Fellow in Economic Studies, Brookings Institution
Marilyn Moon, Vice President, American Institutes for Research
Paul Van de Water, Senior Fellow, Center for Budget and Policy Priorities

Provided suggestions for members of the 2010-2011 Technical Panel on Assumptions and Methods, and what questions the Panel should consider.

Martha Lambie, Acting Assistant Deputy Commissioner, Office of Retirement and Disability Policy, SSA
JoEllen Felice, Associate Commissioner, Office of Income Security Programs, SSA
Nancy Webb, Deputy Associate Commissioner, Office of Income Security Programs, SSA
Sherrye Walker, Division Director, Office of Income Security Programs, SSA

Discussed SSA representative payee, enumeration, and debt management issues.

<u>**February**</u>

Michael Astrue, Commissioner of Social Security – *Outlined current SSA initiatives and concerns*.

Frank Cristaudo, Chief Administrative Law Judge – *Described issues surrounding the recruitment and hiring of Administrative Law Judges at SSA.*

Stephen Goss, Chief Actuary, SSA
Jason Fichtner, Chief Economist, SSA
Terrie Gruber, Assistant Deputy Commissioner for Disability Adjudication and Review, SSA
Alice Wade, Deputy Chief Actuary for Long-range Estimates, SSA
Linda Maxfield, Senior Advisor to the Chief Economist, SSA

Pat Skirvin, Supervisory Economist, Revenue Estimates and Economic Analysis, Office of the Chief Actuary, SSA

Richard Foster, Chief Actuary, Centers for Medicare and Medicaid Services (CMS)

Stephen Heffler, Director, National Health Statistics Group, Office of the Chief Actuary, CMS

Joyce Manchester, Unit Chief, Long-term Modeling Group, Health and Human Resources Division, Congressional Budget Office (CBO)

Sam Papenfuss, Unit Chief, Income Security and Education Cost Estimates Unit, Budget Analysis Division, CBO

David Weiner, Unit Chief, Income Security and Education Cost Estimates Unit, Budget Analysis Division, CBO

Discussed methodologies that CBO, CMS, and SSA use to develop short-term and long-term SSA program projections.

March

Michael Astrue, Commissioner of Social Security

Michael Gallagher, Deputy Commissioner for Budget and Financial Management, SSA

Bonnie Kind, Associate Commissioner for Budget, SSA

Outlined budget and workload issues that SSA is facing.

Elaine Kaplan, General Counsel, Office of Personnel Management (OPM)

Kay Ely, Associate Director, Human Resources and Services Division, OPM

Julie Ferguson Queen, Office of General Counsel, OPM

Described OPM's role in developing an Administrative Law Judge register.

Alan Cohen, Senior Budget Analyst, Democratic Staff, U.S. Senate Committee on Finance

Chris Goble, SSA Detailee, U.S. Senate Committee on Finance

Discussed Social Security issues that the Senate's Committee on Finance is studying currently, including SSA's budget and the new Deficit Reduction Commission formed by Congress.

Patrick O'Carroll, Inspector General, SSA
Vicki Vetters, Office of Audit, OIG, SSA
Walter Fennell, Pricewaterhouse Coopers
Samuel Gutterman, Pricewaterhouse Coopers (by telephone)
John Stell, Pricewaterhouse Coopers

Described the Federal Accounting Standards Advisory Board's requirements in the annual review of the Statement of Social Insurance.

April

Jagadeesh Gokhale, Social Security Advisory Board Member – *Discussed his book, "Social Security: A Fresh Look at Policy Alternatives."*

Michael Astrue, Commissioner of Social Security
Frank Baitman, Chief Information Officer, SSA

Outlined a number of SSA administrative issues and described SSA's approach for developing a new strategic plan.
Alan Balutis, Chair, Future Systems Technology Advisory Panel – *Discussed the Panel's concerns about the status of SSA's data center and the agency's proposals to develop its strategic plan.*

May

Phil Becker, Associate Commissioner, Office of Telecommunications and Systems Operations, SSA
Marti Eckert, Assistant Associate Commissioner, Enterprise IT Operations and Security, SSA
John Garrigues, Director, Durham Data Support Center, SSA

Provided an overview of SSA's Durham, North Carolina's Data Support Center.

Virginia Jarmond, Assistant Area Director for North Carolina, SSA

Steve Phillips, District Manager, Durham, North Carolina, SSA

Mary Williams, Assistant District Manager, Durham, North Carolina, SSA

Randy Howell, Operations Supervisor, Durham, North Carolina, SSA

Described challenges that the Durham, North Carolina Field Office **faces.**

June

Nancy Shor, Executive Director, National Organization of Social Security Claimants'
Representatives (NOSSCR)

Ethel Zelenske, Director of Government Affairs, NOSSCR

*Discussed reinstating the reconsideration level into the disability determination process. Also
discussed the* Occupational Information Development project.

Ephraim Feig, Chief Strategist, SSA – *Described SSA's strategic planning initiatives*.

Brigitte Madrian, 2011 Technical Panel Chair – *Discussed plans for the 2011 Technical Panel
on Assumptions and Methods.*

July

David Rust, Deputy Commissioner for Retirement and Disability Policy, SSA

Richard Balkus, Associate Commissioner for Program Development and Research, SSA

Manuel de la Puente, Associate Commissioner for Research, Evaluation, and Statistics, SSA

Sheila Everett, Deputy Associate Commissioner, Office of Disability Programs, SSA

Provided an update on SSA's retirement and disability policy research.

Dan O'Brien, Acting Associate Commissioner, Office of Employment, Support Programs, SSA

Paul O'Leary, Project Director, Ticket to Work Evaluation, Office of Program Development and Research, SSA

Described the evaluation of the Ticket to Work program.

September

Stephen Goss, Chief Actuary, SSA

Alice Wade, Deputy Chief Actuary (Long-Range), SSA

Clare McFarland, Deputy Director, Medicare and Medicaid Cost, Estimates Unit, CMS

Discussed the Old-age, Survivors, and Disability Insurance and Medicare Trustees' Reports.

Wendi Bukowitz, Managing Director, RGsquared, LLC – *Outlined plans for the Board's October "2020 Visioning Workshop" in Denver.*

October

Nancy Berryhill, Regional Commissioner, Denver Region, SSA

Sean Brune, Deputy Regional Commissioner, Denver Region, SSA

Nancy Vazquez, Director, Idaho Disability Determination Service

Karl Barnett, Area Director for Dallas, SSA

Howard Bowles, Area Director for Denver, SSA

Shane Kelly, Director, Center for Automation, Denver Regional Office, SSA

Ron Miller, Director, Office of Quality Performance, Denver Regional Office, SSA

Gus Villalobos, Director, Center for Disability, San Francisco Regional Office, SSA

Travis Dodson, District Manager for Dallas North, SSA

Tanya Harrington, District Manager for Aurora, Colorado, SSA

Pedro Sarquis, District Manager, Los Angeles Downtown Field Office, SSA

Pam Schwalm, District Manager, Huron, South Dakota Field Office, SSA

Piper Cox, Operations Supervisor, Denver Downtown Field Office, SSA

Terra Treweek, Operations Supervisor, Kalispell, Montana Field Office, SSA

Wendi Bukowitz, Managing Director, RGsquared, LLC (workshop consultant)

Participated in the Board-sponsored 2020 Visioning Workshop in Denver.

Frank Baitman, Chief Information Officer, SSA

Ron Raborg, Deputy Commissioner for Quality Performance, SSA

Ephraim Feig, Associate Chief Information Officer, SSA

Heather Bressler, Executive Officer, Office of Quality Performance, SSA

Observed the final wrap up of the 2020 Visioning Workshop in Denver.

Staff in the Denver Regional Office, SSA

Staff of the Denver, Colorado Field Office, SSA

Described operational issues that SSA faces.

November

Robert Brand, Founder and CEO, Solutions for Progress

Carolyn Lee Daffron, Director of Research & Policy, Solutions for Progress

Deborah Wyse, Project Coordinator for the SSI/SSDI Initiative, Solutions for Progress

Described ways to provide third party assistance to Social Security and SSI applicants, including an Internet-based system that helps individuals apply for disability benefits.

Stephen Holden, Touchstone Consulting – *Discussed Internet authentication and its implications for SSA.*

December

Michael Astrue, Commissioner of Social Security

G. Kelly Croft, Deputy Commissioner for Systems, SSA

Stephanie Hall, Assistant Deputy Commissioner for Budget, Finance, and Management, SSA

Discussed SSA's budget outlook, the status of the nomination to fill the position of SSA's Deputy Commissioner, concerns about SSA's National Computer Center, and improvements in field office telephone service.

Frank Baitman, Chief Information Officer, SSA
Tim Monteleone, Office of the Chief Information Officer, SSA

Provided the status of SSA's new strategic plan, SSA's Internet authentication efforts, and the agency's work with IDEO, an international design and innovation consultancy that "helps design products, services, environments, and digital experiences."

Reginald Wells, Deputy Commissioner for Human Resources, SSA
Milt Beever, Associate Commissioner for Labor Management and Employee Relations, SSA
Stephen Patrick, Associate Commissioner for Learning, SSA
Terri Rosen, National Council, AFGE

Outlined SSA's plans for leadership and career development, and for recruitment and hiring new employees.

Current Members of the Social Security Advisory Board

Barbara B. Kennelly, Acting Chair

Barbara B. Kennelly became President and Chief Executive Officer of the National Committee to Preserve Social Security and Medicare in April 2002 after a distinguished 23-year career in elected public office. Mrs. Kennelly served 17 years in the United States House of Representatives representing the First District of Connecticut. During her Congressional career, Mrs. Kennelly was the first woman elected to serve as the Vice Chair of the House Democratic Caucus. Mrs. Kennelly was also the first woman to serve on the House Committee on Intelligence and to chair one of its subcommittees. She was the first woman to serve as Chief

Majority Whip, and the third woman in history to serve on the 200-year-old Ways and Means Committee. During the 105th Congress, she was the ranking member of the Subcommittee on Social Security. Prior to her election to Congress, Mrs. Kennelly was Secretary of State of Connecticut. After serving in Congress, Mrs. Kennelly was appointed to the position of Counselor to the Commissioner at the Social Security Administration (SSA). As Counselor, Mrs. Kennelly worked closely with the Commissioner of Social Security Kenneth S. Apfel, and members of Congress to inform and educate the American people on the choices they face to ensure the future solvency of Social Security. She served on the Policy Committee for the 2005 White House Conference on Aging. Mrs. Kennelly received a B.A. in Economics from Trinity College, Washington, D.C. She earned a certificate from the Harvard Business School on completion of the Harvard-Radcliffe Program in Business Administration and a Master's Degree in Government from Trinity College, Hartford. Term of office: January 2006 to September 2011.

Dana K. Bilyeu*

Dana K. Bilyeu is the Executive Officer of the Public Employees' Retirement System of Nevada. As the Executive Officer of the $21 billion pension trust she is responsible for all aspects of fund management including analysis of plan funding, investment oversight, operational and strategic planning, and fiduciary and governance issues. Mrs. Bilyeu is principally responsible for the relationship with the System's independent actuary and oversees the data reconciliation process for actuarial valuations of the System. In her capacity as the Executive Officer, Mrs. Bilyeu provides information and analysis to the Nevada Legislature in consideration of pension policy issues affecting state and local government. Prior to her appointment as the Executive Officer, Mrs. Bilyeu served for eight years as the System's Operations Officer, overseeing all aspects of benefit administration, including survivor, disability, and retirement benefit programs. Mrs. Bilyeu also was responsible for cost effectiveness measurement for all activities of the System. She was accountable for technology oversight as well as policy issues related to the public safety sector of public employment. Prior to her employment at the System, Mrs. Bilyeu was the System's legal counsel, representing the System in a variety of aspects from benefits litigation, contracts analysis, to Board governance. Mrs. Bilyeu is a member of the National Association of State Retirement Administrators, the National Council on Teacher Retirement, the National Conference of Public Employee Retirement Systems, and the National Association of

Public Pension Attorneys. She also serves on the Public Employee Advisory Board for the International Foundation of Employee Benefit Plans. She received her *juris doctor* from California Western School of Law and her B.A. from the University of Arizona. Term of office: December 2006 to September 2010.

*Term ended September 30, 2010

Jagadeesh Gokhale

Jagadeesh Gokhale is a senior fellow at the Cato Institute. He earlier worked at the American Enterprise Institute as a visiting scholar (2003), the U.S. Treasury Department as a consultant (2002), and the Federal Reserve Bank of Cleveland as a senior economic advisor (1990-2003). An economist by training, his main research fields are macro and public economics with a special focus on the effects of fiscal policy on future generations. During 2008, he served as a member of the Task Force on Sustainability Issues for the Federal Accounting Standards Advisory Board. Dr. Gokhale has written extensively on policy issues including Social Security and Medicare reform, national saving, private insurance, financial planning, wealth inequality, generational accounting, and public intergenerational transfers and he has testified several times before Congress on these topics. He has published several papers in such top-tier journals as the *American Economic Review*, *Journal of Economic Perspectives*, *Quarterly Journal of Economics*, *Review of Economics and Statistics*; in publications of the National Bureau of Economic Research and the Cleveland Federal Reserve; in the US Budget report's *Analytical Perspectives*; and in popular newspapers and online media such as the *Wall Street Journal*, *The Financial Times*, *The Washington Post*, *American Spectator*, and *Forbes*. Dr. Gokhale is a co-author of *Fiscal and Generational Imbalances* that revealed the U.S. fiscal imbalance to be in the tens of trillions of dollars. Another book by him entitled *Social Security: A Fresh Look at Policy Alternatives* is forthcoming from the University of Chicago Press in 2010. Term of Office: November 2009 to September 2015.

Dorcas R. Hardy

Dorcas R. Hardy is President of DRHardy & Associates, a government relations and public policy firm serving a diverse portfolio of clients. After her appointment by President Ronald

Reagan as Assistant Secretary of Human Development Services, Ms. Hardy was appointed Commissioner of Social Security (1986 to 1989) and was appointed by President George W. Bush to chair the Policy Committee for the 2005 White House Conference on Aging. Ms. Hardy has launched and hosted her own primetime, weekly television program, "Financing Your Future," on Financial News Network and UPI Broadcasting, and "The Senior American," an NET political program for older Americans. She speaks and writes widely about domestic and international retirement financing issues and entitlement program reforms and is the co-author of *Social Insecurity: The Crisis in America's Social Security System* and *How to Plan Now for Your Own Financial Survival*, Random House, 1992. A former CEO of a rehabilitation technology firm, Ms. Hardy promotes redesign and modernization of the Social Security, Medicare, and disability insurance systems. Additionally, she has chaired a Task Force to rebuild vocational rehabilitation services for disabled veterans for the Department of Veterans Affairs. She received her B.A. from Connecticut College, her M.B.A. from Pepperdine University, and completed the Executive Program in Health Policy and Financial Management at Harvard University. Ms. Hardy is a Certified Senior Advisor and serves on the Board of Directors of Wright Investors Service Managed Funds, and First Coast Service Options of Florida. First two terms of office: April 2002 to September 2010. Current term of office: October 2010 to September 2016.

Marsha Rose Katz

Marsha Rose Katz is a Project Director at the University of Montana Rural Institute in Missoula, where her work has concentrated on assisting persons with disabilities to utilize Social Security work incentives to start their own businesses or engage in wage employment. Since coming to the Rural Institute in 1999, Ms. Katz has focused on providing training and technical assistance on both employment and SSI/SSDI to rural, frontier and tribal communities across the country. Previously, she worked for nearly 20 years in a disability rights community based organization, the Association for Community Advocacy (ACA), a local Arc in Ann Arbor, Michigan. She served as both Vice President of ACA, and Director of its Family Resource Center. It was at ACA that Ms. Katz began her nearly 30 years of individual and systems advocacy regarding programs administered by SSA, especially the SSI and SSDI programs. Ms. Katz has written numerous articles and created many widely distributed user-friendly general handouts on SSI and SSDI, the majority of which focus on the impact of work on benefits, and utilizing work

incentives. She is the author of *Don't Look for Logic; An Advocate's Manual for Negotiating the SSI and SSDI Programs*, published by the Rural Institute. Her Bachelor's and Master's Degrees are from the University of Michigan. Ms. Katz's many years of experience as a trainer, technical advisor, and advocate have been guided and informed by her partnership with people with disabilities, from her husband, Bob Liston, to the people she assisted in her work with ACA and the Arc Michigan, her current work at the Rural Institute, and her longstanding participation in ADAPT, the nation's largest cross-disability, grassroots disability rights organization. Term of office: November 2006 to September 2012.

Mark J. Warshawsky

Mark J. Warshawsky is Director of Retirement Research at Towers Watson, a global human capital consulting firm. He conducts and oversees research on employer-sponsored retirement programs and policies. A frequent speaker to business and professional groups, Dr. Warshawsky is a recognized thought leader on pensions, social security, insurance and healthcare financing. He has written numerous articles published in leading professional journals, books and working papers, and has testified before Congress on pensions, annuities and other economic issues. A member of the Social Security Advisory Board for a term through 2012, he is also on the Advisory Board of the Pension Research Council of the Wharton School. From 2004 to 2006, Dr. Warshawsky served as assistant secretary for economic policy at the U.S. Treasury Department. During his tenure, he played a key role in the development of the Administration's pension reform proposals, particularly pertaining to single-employer defined benefit plans, which were ultimately included in the Pension Protection Act ("PPA") of 2006. He was also involved extensively in the formulation of Social Security reform proposals, and oversaw the Department's comprehensive 2005 study of the terror risk insurance program. In addition, Dr. Warshawsky led the efforts to update and enhance substantially the measures and disclosures in the Social Security and Medicare Trustees' Reports, as well as the setting of the macroeconomic forecasts, which underlie the administration's budget submissions to Congress. Dr. Warshawsky's research has been influential in the 2001-2002 regulatory reform of minimum distribution requirements for qualified retirement plans, the increasing realization of the importance of financial protection against outliving one's financial resources in retirement, and a product innovation to integrate the immediate life annuity and long-term care insurance. For the latter research, he won a prize from the British Institute of Actuaries in 2001 for a professional

article he co-authored. Favorable tax treatment for this integrated product was also included in PPA due to Dr. Warshawsky's advocacy. Dr. Warshawsky has also held senior-level economic research positions at the Internal Revenue Service, the Federal Reserve Board in Washington, D.C. and TIAA-CREF, where he established the Paul A. Samuelson Prize and organized several research conferences. A native of Chicago, he received a Ph.D. in Economics from Harvard University and a B.A. with Highest Distinction from Northwestern University. Term of office: December 2006 to September 2012.

Legislation that Established the Social Security Advisory Board

In 1994, when Congress passed Public Law 103-296 establishing the Social Security Administration as an independent agency, it also created an independent, bipartisan Advisory Board to advise the President, the Congress, and the Commissioner of Social Security on matters related to the Social Security and Supplemental Security Income programs. Under this legislation, appointments to the Board are made by the President, the Speaker of the House of Representatives, and the President pro tempore of the Senate.

Advisory Board members are appointed to staggered six year terms, made up as follows: three appointed by the President (no more than two from the same political party); and two each (no more than one from the same political party) by the Speaker of the House (in consultation with the Chairman and the Ranking Minority Member of the Committee on Ways and Means) and by the President pro tempore of the Senate (in consultation with the Chairman and Ranking Minority Member of the Committee on Finance). Presidential appointments are subject to Senate confirmation. The President designates one member of the Board to serve as Chairman for a four year term, coincident with the term of the President, or until the designation of a successor.

The Board's Mandate

Public Law 103-296 as amended gives the Board the following functions;

1) Analyzing the Nation's retirement and disability systems and making recommendations with respect to how the Old-age, Survivors, and Disability Insurance (OASDI) programs and the Supplemental Security Income (SSI) program, supported by the other public and private systems, can most effectively assure economic security;

2) studying and making recommendations relating to the coordination of programs that provide health security with programs described in paragraph (1);

3) making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the Old-age, Survivors, and Disability Insurance Program, both in the short-term and the long-term;

4) making recommendations with respect to the quality of service that the Administration provides to the public;

5) making recommendations with respect to policies and regulations regarding the Old-age, Survivors, and Disability Insurance Program and the Supplemental Security Income Program;

6) increasing public understanding of the social security system;

7) making recommendations with respect to a long-range research and program evaluation plan for the Administration; and

8) reviewing and assessing any major studies of social security as may come to the attention of the Board; and

9) making recommendations with respect to such other matters as the Board determines to be appropriate.

Social Security Advisory Board Staff Members

Katherine Thornton, Staff Director

Katherine Thornton joined the Advisory Board as the Deputy Staff Director in 2005. Before coming to the Board, she held several senior management positions in the Social Security Administration. From 1995-2002, she was the Director of the Center for Disability Programs in the Philadelphia region before relocating to SSA's Baltimore headquarters. While in headquarters, Ms. Thornton was a member of the Senior Executive Service candidate development program, and had a series of assignments including a leadership role for the Agency's eDib project, as well as serving as a program manager with the International Social Security Association in Geneva Switzerland. She holds a Bachelor's Degree in Sociology and Social Work from Western Michigan University.

Deborah Sullivan, Deputy Staff Director

Deborah (Debi) Sullivan joined the Social Security Advisory Board staff in September 2007 as the Deputy Staff Director. Before joining the Board staff, she was a participant in the Social Security Administration's (SSA's) Senior Executive Service Candidate Program and did extensive work on the agency's most recent disability service improvement initiatives. Ms. Sullivan began working for SSA as a claims representative in Columbus, Indiana in 1978 and has held increasingly more responsible supervisory and managerial positions throughout her career. She worked in a number of SSA field offices and the Regional Offices in both Chicago and Atlanta. In 2002, she relocated to SSA's headquarters in Baltimore to become the Executive Officer of SSA's strategic planning component, which was responsible for the publication of the agency's annual planning documents and periodic strategic plans. During her tenure at the Social Security Administration, Ms. Sullivan was the recipient of many awards including five Commissioner's Citations and a National Performance Award. She holds a Bachelor's Degree in History and Political Science from Ball State University and has completed additional graduate work at Emory University in Atlanta.

Joel A. Feinleib, Staff Economist

Joel Feinleib joined the Advisory Board as Staff Economist in 2005 focusing on long-term financing issues, reform proposals, and empirical research. He previously worked as a research consultant and policy analyst in Washington D.C. and Chicago specializing in the economic, demographic and statistical analysis of social policy issues including welfare policy, drug control policy, environmental health, and HIV/AIDS prevention. He holds a B.S. in Economics from the University of Pennsylvania and a Masters in Public Policy Studies from the University of Chicago.

Beverly Rollins Sheingorn, Executive Officer

Beverly Rollins Sheingorn began her career with the federal government as a claims representative for the Social Security Administration in the Rockville, Maryland field office. She held a number of jobs with SSA, including senior executive analyst for both the Associate Commissioner of Hearings and Appeals and the Deputy Commissioner for Programs. In 1995, she worked with the National Commission on Childhood Disability, serving as an executive assistant to the Staff Director. Prior to working for the federal government, Ms. Rollins Sheingorn worked as a social worker for the Head Start program and the West Virginia Department of Welfare. Since joining the Board staff in 1996, she has served as Executive Officer. She holds a Bachelor's degree in Social Work from West Virginia University and a Master's degree in General Administration from the University of Maryland.

George Schuette, Professional Staff

Before joining the Advisory Board staff in 1999, George Schuette worked for the Kentucky Department for Human Resources and the Social Security Administration, taught in colleges, and served in the U.S. Army. He began working for SSA as a generalist claims representative in Cincinnati in 1977. In 1980 he moved to Baltimore to work in the Office of Training. He worked in staff and management positions in a variety of areas, including analyst training, management training, programmatic training, evaluation, and career development. He was involved in the introduction of new technologies to the agency, including personal computers, computer-based training, and interactive video. He has a Ph.D. in history from Duke University.

Roberta (Robin) Walker, Staff Assistant

Robin Walker joined the Advisory Board staff in December 2009 after spending many years as an Executive Assistant in the public sector. Most recently she supported the work of the President and Vice President of a D.C. construction firm. Ms. Walker has years of experience in managing all aspects of a corporate office.

David Warner, Professional Staff

David Warner began his career with the federal government in 1988 as a budget and program analyst for the Office of the Secretary of the Department of Health and Human Services in Washington, D.C. He worked principally on the administrative budget for the Medicare program and the program and administrative budgets for Medicaid and the Social Security Administration. Mr. Warner transferred to the Social Security Administration in 1995. Until 1998, he served as a senior social insurance specialist and executive officer for the Deputy Commissioner for Legislation and Congressional Affairs. In 1998, Mr. Warner completed a developmental assignment as professional staff to the Social Security Subcommittee of the House Committee on Ways and Means. Since joining the staff of the Social Security Advisory Board in 1999, he has served as professional staff to the Board. He holds a Bachelor's degree in psychology from the University of Wisconsin and a Master's degree in public sector and non-profit financial management from the University of Maryland.

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